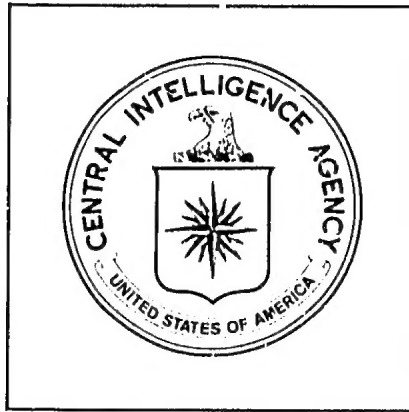


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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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New Greek Constitution Comes Into Force

Under Greece's new constitution, which becomes effective tomorrow, parliament must elect a new President of the republic by August 10. Prime Minister Karamanlis has not indicated whether or not he will be the candidate, but there is increasing speculation that he may choose to stay on as prime minister and name a trusted confidant as the presidential candidate. Election of the candidate of Karamanlis' choice is assured because of his party's dominance of parliament.

The opposition, which has 84 seats in the 300-member parliament, has been unhappy over its inability to amend some of the key provisions of the constitution concerning presidential powers. It walked out of the constitutional debate two weeks ago and boycotted the final vote on the constitution.

The opposition maintains that the powers accorded the president are excessive and had proposed that the president be elected by the people instead of by parliament. Both George Mavros, leader of the Center Union-New Forces, and Andreas Papandreou of the Panhellenic Socialist Movement have stated that they will continue to work for further amendment of the constitution.

Under the constitution, future presidents will have the right to appoint and dismiss the prime minister and dissolve parliament. Parliament can override a presidential veto only by a

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three-fifths majority. The constitution also provides that deputies elected from one party cannot change their party affiliation during their parliamentary term without being considered as having resigned. The latter provision reflects Karamanlis' disenchantment with deputies crossing party lines and should go a long way toward preventing the fragmentation that has characterized previous Greek parliaments.

If Karamanlis opts to remain as prime minister for the time being, this decision is likely to reflect, at least in part, his fear that competition and controversy over the choice of a successor as prime minister might create open rebellion and possibly a split in his heterogeneous New Democratic party. New Democracy is an amalgam of competing factions and interest groups and the danger of a split between a conservative rightwing and a more progressive faction--or some other variation--has always been a possibility.

The constitution creates a strong presidency, however, and appears to have been tailor-made for Karamanlis. Should he opt to remain as prime minister for now, it will probably be with the provision that he will move up to the presidency before long.

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Christian Democrats Set Aside Differences in
Italian Campaign

Christian Democratic leaders are setting aside their differences as Italy enters the final week of the election campaign.

Influential party leaders such as Prime Minister Moro and Foreign Minister Rumor seem to have swallowed their misgivings about party chieftain Fanfani's tough tactics. Late last week, Moro spoke of his solidarity with the party secretary, and for the first time joined Fanfani in taking the Socialists to task for running joint lists with the Communists in many localities.

Even the leaders of leftist factions in the Christian Democratic Party are spreading the party line, although their criticism of the Socialists is softer.

Still, party leaders do seem to be looking to different points in the future. Fanfani is riveted on getting out the largest Christian Democratic vote possible, at whatever cost later. Rumor and Moro seem more concerned about picking up the pieces after the election when the center-left parties will likely have to resume their collaboration on the national level.

The issue of joint Socialist-Communist election lists is likely to remain controversial. The Socialists claim there is nothing new about this practice and were caught off guard by statistics released by Fanfani last Friday. Fanfani claims these lists have increased 69 percent in smaller towns and have doubled in larger towns since 1970.

Few Italians are willing to predict the outcome, but many seem to expect moderate losses by the Christian Democrats.

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EC Officials Skeptical About Floor
Price for Oil

EC officials continue to be skeptical about US plans for setting a floor price for energy and are suggesting alternative ways to encourage investment in non-oil energy sources.

A floor-price system would be intended to prevent the oil producers from undercutting consumer efforts to develop other energy sources and thus achieve a measure of independence from OPEC. The Europeans, more dependent on imported oil than the US, are generally concerned that establishment of a floor price now would only serve to keep prices high.

The Commission is considering a staff recommendation that barriers be removed to investment in the production of alternative sources among members of the International Energy Agency. In addition, members would have access on a nondiscriminatory basis to the energy resources of other IEA countries.

The staff paper also takes up an older EC idea of assistance to specific energy projects and proposes that the community itself--using existing EURATOM and Coal-Steel Community mechanisms--participate directly in some endeavors. Should the Commission approve these ideas, the EC Council--which meets on energy later this month--would still have to debate them.

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Commission sources maintain that they are willing to examine the US floor-price proposal. They still consider it "premature," however, presumably because oil is not yet in tight supply. [REDACTED]

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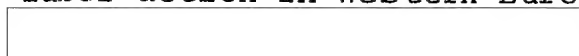
Multinational Labor Action Threatened

Leaders of the Brussels-based European Metalworkers Federation report that workers at Philips Electric installations throughout Europe will soon take steps, possibly including strikes, to protest the Dutch-owned company's unexpected cancellation of a labor-management meeting scheduled for May 30. The metalworkers' federation claims that Philips succumbed to heavy pressure from other multinational companies to break off the talks.

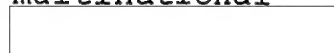
The agenda for the meeting, approved by a joint committee of Philips management and the federation last November, included discussion of working hour reductions, possible restructuring of plant operations, and a review of company policies concerning the organization of work.

The federation represents Philips workers in Belgium, France, West Germany, Great Britain, Italy, the Netherlands, Spain, and Scandinavia. It has been in the forefront of an emerging effort to develop multinational labor action in Western Europe.

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Austrian State Election Shows Little Change

The moderately conservative Austrian People's Party gained one seat from the Socialists in the state elections in Tyrol on June 8. The result in the last of Austria's provincial contests before the national election on October 5 suggests that Chancellor Bruno Kreisky's Socialist Party will again emerge this fall as the largest party, but it will not necessarily retain its current absolute majority in parliament.

The People's Party captured 24 of Tyrol's 36 local assembly seats. The Socialists won 11 and the ultra conservative Freedom Party retained its one seat. The results reflect a continuation of the better than 2-to-1 ratio between the People's Party and the Socialists that has existed in Tyrol since the end of World War II.

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Separatist Leaders Imprisoned in Azores

A roundup of Azorean separatists has taken place in Ponta Delgada, and a purge of Portuguese military officers sympathetic to the independence movement may also be in the works.

Lisbon announced last night that 28 separatist leaders and sympathizers have been arrested and taken to a penitentiary at another Azorean island.

The US consul says that General Magalhaes--the military governor who emerged as something of a hero to Azoreans last weekend--is now rumored to be in a shaky position. Magalhaes, along with the police chief and an infantry battalion commander on Sao Miguel, are said to be in danger of losing their jobs because of their separatist sympathies.

Magalhaes and the other two officers were harshly criticized in Lisbon radio broadcasts Sunday evening for their handling of the demonstration on Friday.

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